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K2 Gold Commences Drilling at the Wels Gold Property, Provides Exploration Update for Yukon Projects and Increases Financing to \$1.2 Million

Vancouver, B.C. – June 12, 2017 – K2 Gold Corporation (“K2” or the “Company”) (KTO:TSX-V) is pleased to announce that further to its news release dated May 25, 2017, drilling has commenced at the Wels Gold Property located in west-central Yukon Territory in the Traditional Territory of White River First Nation (“WFRN”).

A diamond drill program of approximately 1,200m will be completed in 5-8 holes with the goal of extending the Saddle Zone mineralization, which is currently open in all directions. The Saddle Zone is just one of three anomalous areas defined by soil sampling over a zone of 3km by 3km within the 47km² claims. Core drilling to date had intersected the host granite with minor late mafic dykes. The contacts of the intrusion, where there maybe higher grade mineralization, have not as yet been tested by drilling, and are a target for this year’s program.

The Company is also please to provide an update on the exploration plans at the Flume, Storck and Ladue Properties.

The Flume Property is located in the historic Ten Mile Placer district, 70 km southwest of Dawson City. The property has been optioned from Commander Resources Ltd (see NR dated March 6, 2017). Since then K2 has added the adjoining Storck 1-351 claims to the west of the Flume claims. The proposed work program will consist of auger soil sampling, mapping, prospecting and possible trenching on the Flume claims and grid soil sampling, mapping and prospecting on the Storck claims.

The Ladue Property (208 claims, 4350 ha) is located some 75 kilometers north of the Wels Gold Project in the Moosehorn Range district which has seen continued placer gold production totalling 65,000 ounces since 1970. Placer miners have been recovering coarse gold from quartz veins on the ground in the area now optioned to Provenance Gold Corp. Work on the Ladue property east of the Provenance ground will consist of grid soil sampling, prospecting and mapping.

Stephen Swatton, President and CEO of K2 stated, “I am pleased to announce the start of the 2017 drill program at Wels which follows on from the successful 442m preliminary drill program in 2015 (which was undertaken by a private company, as reported by K2, October 27, 2016 news release). The drilling will focus on the Saddle Zone (2km by 0.8km) in the vicinity of where a previous drill hole intersected 0.76g/t Au over 97.5m (DDH-15-01). I am grateful to the professionalism of the K2 technical staff in the Yukon and the positive relationship with White River First Nation in enabling us to be at the drill stage in such a short time frame from initial discussions concerning the 2017 proposed work program.”

R. Allan Doherty, P.Geo., is the Qualified Person, in accordance with NI 43-101 of the Canadian Securities Administrators, and is responsible for the technical content of this press release.

Financing Update

Further to its news release dated June 5, 2017, due to strong investor interest, the Company has increased the size of its proposed financing to raise a total of \$1,200,000 from new and existing shareholders. The aggregate proceeds will be raised through the issuance of a combination of units at a price of \$0.35 (the “Units”) and flow through shares at a price of \$0.40 (the “Flow-Through Shares”) (the “Offering”).



Each Unit will consist of one common share and one half of one non-transferable share purchase warrant exercisable for a term of eighteen months (the “Warrants”). Each Warrant will entitle the holder thereof to purchase one additional common share of K2 at an exercise price of \$0.55 per common share during the term of the Warrants, subject to the right of the Company to accelerate the expiry of the Warrants. If at any time after the date that is four months and one day from the closing of the Offering, during the Warrant Term, the common shares of the Company close at a price at or above \$0.65 per share for more than 10 consecutive trading days (an “Acceleration Event”) and the Company elects to accelerate the expiry of the Warrants and give notice, within five days of such Acceleration Event, to the holders that an Acceleration Event has occurred, then the expiry of the Warrants will be accelerated such that the Warrants will then terminate 30 calendar days after the Company gives such notice (the “Accelerated Expiry”).

The Company may pay finders’ fees in connection with the Offering, in accordance with TSX Venture Exchange policies. All securities issued under the Offering will be subject to a four month hold period in accordance with applicable Canadian securities laws. Final closing of this Offering is subject to final acceptance by the TSX Venture Exchange. The proceeds of the Offering will be used towards the Company’s exploration program at the Wels Property, west-central Yukon Territory, as well as exploration at the Flume, Storck and Ladue Properties.

Stock Option Grant

The Company has also granted, under its Share Option Plan, incentive stock options to certain directors, officers and consultants of the Company to purchase an aggregate of 55,000 common shares exercisable for a period of up to five years from the date of grant at a price of \$0.36 per share. This grant is subject to acceptance for filing by the TSX Venture Exchange.

About K2 Gold Corporation

K2 Gold Corporation is a mineral exploration company focused on building a portfolio of gold exploration projects in the Yukon, with an initial drill program on the Wels Property now underway. The Company has assembled an experienced management team and board of directors with a track record of discovery success.

For additional information please contact Stephen Swatton at 604-331-5090.

On behalf of the Board of Directors,

“Stephen Swatton”

President and CEO

K2 Gold Corporation.

Forward-Looking Caution:

This news release contains forward-looking statements that are not historical facts. Forward-looking statements involve risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking statements, including statements regarding the 2017 exploration program at the Wels Gold Property and future exploration plans at the Company’s other properties located in the Yukon, as well as the proposed use of proceeds from the Offering. Factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to, variations in the nature, quality and quantity of any mineral deposits that may be located, the Company’s inability to reach satisfactory agreements with First Nations to facilitate its exploration and development plans for the Wels, Fume, Storck and Ladue Properties, the Company’s inability to obtain any necessary permits, consents or authorizations required for its planned activities, and the Company’s inability to raise the necessary capital or to be fully able to implement its business strategies. The reader is referred to the Company’s public disclosure record which is available on SEDAR (www.sedar.com). Although the Company believes that the assumptions and factors used in



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preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. Except as required by securities laws and the policies of the TSX Venture Exchange, the Company disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

This news release does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of any of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful, including any of the securities in the United States of America. No securities of the Company have been or will, in the foreseeable future, be registered under the United States Securities Act of 1933 (the "1933 Act") or any state securities laws and may not be offered or sold within the United States or to, or for account or benefit of, U.S. Persons (as defined in Regulation S under the 1933 Act) unless registered under the 1933 Act and applicable state securities laws, or an exemption from such registration requirements is available.

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